HOUSING MARKET INFORMATION

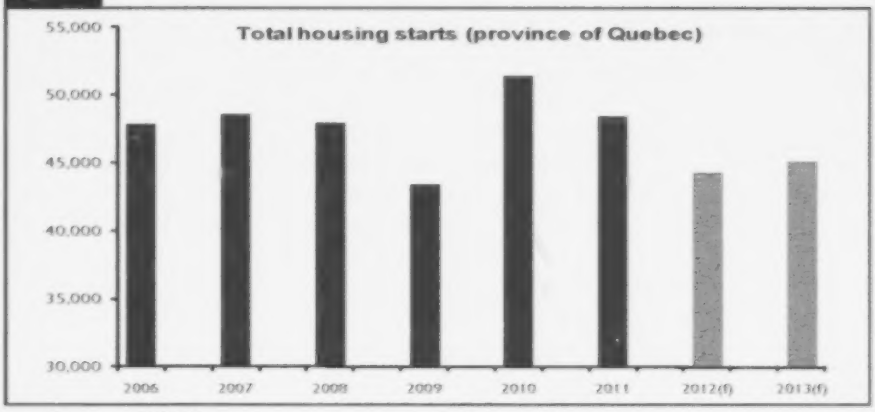
HOUSING MARKET OUTLOOK
Quebec Region Highlights

CANADA MORTGAGE AND HOUSING CORPORATION

Date Released: Second Quarter 2012

Housing Market Forecast

Figure 1



Source: CMHC

Figure 2

Source: CMHC

Overview[1]

In Quebec, the impact of slower economic growth will be attenuated by still favourable borrowing conditions and demographic factors, which will again support new home construction in 2012 and 2013.

The current climate of uncertainty regarding economic prospects abroad will call for a more cautious attitude domestically and may lead to less vigorous household spending and private investment in the province this year.

This environment, combined with a more balanced resale market, will moderate the demand for new homes.

In the coming years, demographic factors will sustain the province's housing markets, but at the same time change their complexion.

While sustained net migration to the province will continue to have a positive impact on the rental and resale markets, migration numbers are expected to remain stable over the coming years as no significant change in immigration targets is expected.

[1] The outlook is subject to uncertainty. Although point forecasts are presented in this publication, CMHC also presents forecast ranges and risks where appropriate. The forecasts and historical data included in this document reflect information available as of April 27, 2012.

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Population ageing, on the other hand, will have a growing impact on the dynamics of the housing market in Quebec, as older households are expected to re-enter the market in response to their changing housing needs.

In Detail

Single Starts

In 2011, slower job growth, the recent easing of the resale market and the continuing trend toward the multi-family dwellings have brought down single starts significantly.

While a slow recovery is expected over the next two years, a total of 16,200 single-detached homes will be started in 2012. In 2013 single starts will edge up to 17,100 units.

More than ever, the rising popularity of the more affordable multi-family homes and densification trends will further cool this market segment in the years to come.

Multiple Starts

Following a year of sustained construction in 2011, starts of multi-family dwellings will settle back to more sustainable rates in the next two years.

Multiple starts will move to 28,100 this year. Looking ahead to 2013, starts of multi-family homes are forecast to be about 28,000 units.

Resales

After recording a slight drop last year, sales recorded by the MLS® will edge up in the coming years. For 2012, a 4 per cent increase is forecast. In 2013, the growth rate should slow.

Besides the overall economic impacts discussed previously, the ever-growing housing stock will contribute, as it always does, to growth.

This year, sales of existing condominiums (town houses or apartments) will moderate. As a result, over 80,000 MLS® sales are forecast in 2012 and over 81,000 in 2013.

Prices

Relatively stable demand for resale homes, combined with rising supply, has already taken some pressure off prices in recent months and should continue to do so in the near term.

With a return to more balanced conditions, price growth in the resale market will moderate over the course of 2012 and in 2013. For 2012, the average MLS® price is forecast to be $265,000 while 2013

Mortgage Rates

CMHC uses publicly available information and the consensus among major Canadian forecasters as a basis for its interest rate forecast. Although there is significant uncertainty, consensus forecasts suggest that mortgage rates are not expected to rise until at least later in 2012, but will remain low by historical standards, thus supporting the Canadian housing market.

According to CMHC's base case scenario, posted mortgage rates will increase near the end of 2012. For 2012, the one-year posted mortgage rate is expected to be in the 3.1 to 3.6 per cent range, while the five-year posted mortgage rate is forecast to be within 5.0 to 5.4 per cent.

For 2013, the one-year posted mortgage rate is expected to rise with interest rates and be in the 3.5 to 4.1 per cent range, while the five-year posted mortgage rate is forecast to be within 5.1 to 5.6 per cent.

Mortgage rates		
1 Year	Q1 2012	3.30
	Change from Q1 2011	-0.15
	2012 (F)	3.37
	2013 (F)	3.78
5 Year	Q1 2012	5.26
	Change from Q1 2011	-0.07
	2012 (F)	5.26
	2013 (F)	5.37

Source: Bank of Canada, CMHC Forecast

NOTE: Mortgage rate forecast is based on Q1 2012 data

Quebec Region Economic and Housing Indicators

		Labour Market				Housing Market				
		Emp. Growth SA (%)	Unemp. Rate SA (%)	Average Weekly Earnings ($)		Total Starts	Single-Detached Starts	Multiple Starts	MLS® Sales	MLS® Average Price ($)
Gatineau	Q1 2012	3.1	5.5	911.45	Q1 2012	373	84	289	959	235,410
	Q1 2011	-1.1	6.8	873.64	Q1 2011	428	110	318	899	230,950
	Change[1]	4.2	-1.3	4.3%	% Change	-12.9	-23.6	-9.1	6.7	1.9
Montréal	Q1 2012	-2.0	9.2	796.14	Q1 2012	3,403	741	2,662	12,215	317,674
	Q1 2011	0.7	8.0	776.53	Q1 2011	4,378	914	3,464	11,674	302,120
	Change[1]	-2.6	1.2	2.5%	% Change	-22.3	-18.9	-23.2	4.6	5.1
Québec	Q1 2012	3.8	5.1	789.92	Q1 2012	803	213	590	2,279	254,798
	Q1 2011	3.5	6.4	762.51	Q1 2011	1,110	215	895	1,997	241,549
	Change[1]	0.4	-1.3	3.6%	% Change	-27.7	-0.9	-34.1	14.1	5.5
Saguenay	Q1 2012	1.3	6.1	760.49	Q1 2012	134	16	118	360	180,078
	Q1 2011	-0.7	7.7	707.34	Q1 2011	153	84	69	309	171,699
	Change[1]	2.0	-1.6	7.5%	% Change	-12.4	-81.0	71.0	16.5	4.9
Sherbrooke	Q1 2012	2.6	7.1	718.90	Q1 2012	351	107	244	557	207,745
	Q1 2011	10.8	7.1	700.91	Q1 2011	333	67	266	502	208,077
	Change[1]	-8.1	0.0	2.6%	% Change	5.4	59.7	-8.3	11.0	-0.2
Trois Rivières	Q1 2012	4.2	7.6	749.01	Q1 2012	179	30	149	305	157,777
	Q1 2011	8.8	8.5	728.34	Q1 2011	110	25	85	267	161,837
	Change[1]	-4.6	-0.9	2.8%	% Change	62.7	20.0	75.3	14.2	-2.5
Quebec	March 12	0.0	7.9	775.06	Q1 2012	6,951	2,185	4,766	22,526	263,840
	March 11	1.5	7.7	755.76	Q1 2011	8,081	2,364	5,717	21,114	253,018
	Change[1]	-1.5	0.2	2.6%	% Change	-14.0	-7.6	-16.6	6.7	4.3
Canada	March 12	1.1	7.2	856.86	Q1 2012	39,902	13,116	26,786	108,373	365,858
	March 11	1.8	7.6	834.88	Q1 2011	33,553	12,265	21,288	103,767	363,258
	Change[1]	-0.7	-0.4	2.6%	% Change	18.9	6.9	25.8	4.4	0.7

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[1]Changes to the Unemployment Rate and Employment Growth represent the ***absolute*** difference between current rates and the rates for the same period in the previous year.

Sources: Statistics Canada (CANSIM), CMHC (Starts and Completions Survey), CREA, QFREB by Centris®
"SA" means Seasonally Adjusted

NOTE: Some of the data in this table, such as the MLS® sales and average price for Q4, became available after the cut-off date of January 18th 2012. As a result, this data was not considered for the forecast.

Quebec Housing Market Outlook (units and percentage change)											
	2007	2008	2009	2010	2011	2012(F)	2013(F)	2012Q1	2012Q2 (F)	2012Q3 (F)	2012Q4 (F)
Housing Starts:											
Single	22,177	19,778	17,535	19,549	16,554	16,200	17,100	15,900	16,250	16,250	16,500
%	1.2	-10.8	-11.3	11.5	-15.3	-2.1	5.6	-4.8	2.2	0.0	1.5
Multiple	26,376	28,123	25,868	31,814	31,833	28,100	28,000	24,900	30,000	29,000	28,500
%	1.6	6.6	-8.0	23.0	0.1	-11.7	-0.4	-20.7	20.5	-3.3	-1.7
Total	48,553	47,901	43,403	51,363	48,387	44,300	45,100	40,800	46,250	45,250	45,000
%	1.4	-1.3	-9.4	18.3	-5.8	-8.4	1.8	-15.2	13.4	-2.2	-0.6
Existing Home Markets:											
MLS® Sales	80,647	76,753	79,108	80,028	77,268	80,300	81,100	81,376	79,500	80,000	80,500
%	12.6	-4.8	3.1	1.2	-3.4	3.9	1.0	0.0	-2.3	0.6	0.6
MLS® Average Price	207,531	215,320	225,368	241,456	259,057	265,000	273,300	256,697	263,000	268,000	272,000
%	6.3	3.8	4.7	7.1	7.3	2.3	3.1	0.0	2.5	1.9	1.5

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Source: CMHC (Starts and Completions Survey), CREA

Some of the data in this table, such as the MLS(R) sales and average price for Q4, became available after the cut-off date of January 18th 2012. As a result, this data was not considered for the forecast.

All data in this table, except the MLS (R) average price, is seasonally adjusted at annual rates. The MLS (R) average price data is actual.

Quebec Region - Housing Forecast Ranges

	2012			2013		
	Point Forecast	High Forecast	Low Forecast	Point Forecast	High Forecast	Low Forecast
Quebec						
Housing Starts	44,300	48,200	39,900	45,100	49,100	40,400
Multiple	28,100	30,600	25,200	28,000	30,500	24,900
Single	16,200	17,600	14,700	17,100	18,600	15,500
MLS® Sales	80,300	87,800	73,300	81,100	89,200	73,700
MLS® Average Price ($)	265,000	289,200	242,500	273,300	299,200	246,500
Canada						
Housing Starts	202,700	220,600	182,300	195,700	213,500	175,100
Multiple	118,900	129,400	106,400	108,400	118,300	96,400
Single	83,800	91,200	75,900	87,300	95,200	78,700
MLS® Sales	472,300	516,100	431,200	474,900	522,400	431,300
MLS® Average Price ($)	372,700	406,700	341,100	383,600	419,900	346,000

Sources : CMHC

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Quebec Region Housing Forecast - New Construction

	Housing Starts	2011	2012(F)*	% chg (2011/2012)	2013(F)*	% chg (2012/2013)	YTD 2012**	YTD 2011**	% chg (2011/2012)
Gatineau	Single-Detached	784	675	-13.9	625	-7.4	84	110	-23.6
	Multiple	1,636	2,025	23.8	1,600	-21.0	289	318	-9.1
	Total	2,420	2,700	11.6	2,225	-17.6	373	428	-12.9
Montréal	Single-Detached	4,653	4,300	-7.6	4,000	-7.0	741	914	-18.9
	Multiple	18,066	16,200	-10.3	15,100	-6.8	2,662	3,464	-23.2
	Total	22,719	20,500	-9.8	19,100	-6.8	3,403	4,378	-22.3
Québec	Single-Detached	1,349	1,200	-11.0	1,100	-8.3	213	215	-0.9
	Multiple	4,096	3,800	-7.2	3,600	-5.3	590	895	-34.1
	Total	5,445	5,000	-8.2	4,700	-6.0	803	1,110	-27.7
Saguenay	Single-Detached	475	350	-26.3	325	-7.1	16	84	-81.0
	Multiple	384	625	62.8	425	-32.0	118	69	71.0
	Total	859	975	13.5	750	-23.1	134	153	-12.4
Sherbrooke	Single-Detached	557	550	-1.3	525	-4.5	107	67	59.7
	Multiple	1,018	1,050	3.1	1,025	-2.4	244	266	-8.3
	Total	1,575	1,600	1.6	1,550	-3.1	351	333	5.4
Trois Rivières	Single-Detached	335	330	-1.5	330	0.0	30	25	20.0
	Multiple	779	670	-14.0	620	-7.5	149	85	75.3
	Total	1,114	1,000	-10.2	950	-5.0	179	110	62.7

Source: CMHC (Starts and Completions Survey)
(F) = CMHC Forecast
* Although point forecasts are provided in this table, please refer to the "Housing Forecast Range" table to get the relevant ranges.
** YTD = January - March

Quebec Region Housing Forecast - Resale Market

		2011	2012(F)*	% chg (2011/2012)	2013(F)*	% chg (2012/2013)	YTD 2011*	YTD 2012*	% chg (/)
Gatineau	MLS® Sales[1]	3,859	4,050	4.9	4,000	-1.2	899	959	6.7
	MLS® Avg. Price[1]	234,268	244,000	4.2	251,000	2.9	230,950	235,410	1.9
Montreal	MLS® Sales[1]	40,370	42,400	5.0	43,200	1.9	11,674	12,215	4.6
	MLS® Avg. Price[1]	314,011	325,000	3.5	330,000	1.5	302,120	317,674	5.1
Québec	MLS® Sales[1]	7,202	7,700	6.9	7,800	1.3	1,997	2,279	14.1
	MLS® Avg. Price[1]	247,120	260,000	5.2	270,000	3.8	241,549	254,798	5.5
Saguenay	MLS® Sales[1]	1,357	1,400	3.2	1,425	1.8	309	360	16.5
	MLS® Avg. Price[1]	178,951	188,000	5.1	195,000	3.7	171,699	180,078	4.9
Sherbrooke	MLS® Sales[1]	1,761	1,800	2.2	1,850	2.8	502	557	11.0
	MLS® Avg. Price[1]	215,579	220,000	2.1	228,000	3.6	208,077	207,745	-0.2
Trois Rivieres	MLS® Sales[1]	972	980	0.8	950	-3.1	267	305	14.2
	MLS® Avg. Price[1]	156,917	161,500	2.9	165,000	2.2	161,837	157,777	-2.5

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Sources: CMHC, CREA, QFREB by Centris®, CMHC Forecast 2010-2011

[1] Source for the CMA's : QFREB by Centris®, YTD: January to June

(F) = CMHC Forecast

* Although point forecasts are provided in this table, please refer to the Housing Forecast Range table at the end of this report to get the relevant ranges.

* YTD = January - March

Quebec Region Housing Forecast - Rental Market

	Vacancy Rate		Average Rent 2-Bedroom Units	
	Oct 2011	Oct 2012(F)	Oct 2011	Oct 2012(F)
Gatineau	2.2	2.1	731	750
Montréal	2.5	2.3	719	730
Québec	1.6	1.8	718	730
Saguenay	1.4	1.2	557	565
Sherbrooke	4.7	4.7	577	590
Trois Rivières	3.9	4.2	547	565
Canada	2.5	2.2	0	0

Source: CMHC Fall Rental Market Survey

(F) = CMHC Forecast

[1] All centres 100,000+

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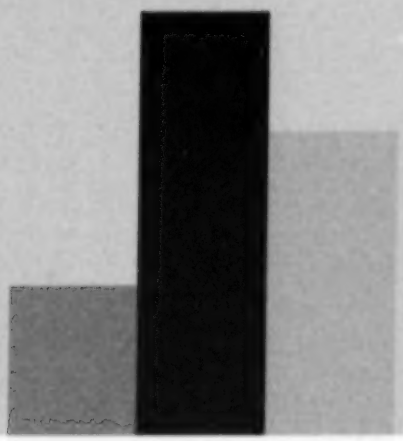

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